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HOUSE BILL 2972 By
Pleasant

SENATE BILL 3129
By Davis L

AN ACT to amend Tennessee Code Annotated, Title 8, to enact
the "Deferred Retirement Option Plan Act".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 34, is amended by adding
Sections 2 through 6 as a new part to be appropriately designated.

SECTION 2. This part shall be known and may be cited as the "Deferred Retirement
Option Plan Act".

SECTION 3. The state treasurer is authorized to develop a plan for state employees
who meet certain standards concerning age and service with the state, which the treasurer shall
set by rule, to initiate pension payments into a deferred retirement option plan (DROP) account
while the employee continues to work. At a minimum the employee shall be a vested member
of the Tennessee consolidated retirement system. The employee shall not receive a distribution
of the proceeds of such an account until the employee ceases to be employed by the state. On
termination the account shall be available for distribution to the employee.

SECTION 4. As determined by the state treasurer by rule, the DROP account shall earn interest at a rate of six percent (6%) per annum or the employee may invest the account in a manner directed by the employee within options prescribed by the state treasurer by rule.

SECTION 5. (a) During the period when an employee participates in the DROP program, the state shall not fund employer contributions for the employee under Title 8, Chapter 37, and the employee shall not accrue additional service credits under Title 8, Chapter 34. The final average compensation component of the employee's benefit calculation shall not increase while the employee participates in the DROP program.

(b) Moneys related to appropriately funding pension liability for such contributions and service for such employees shall be earmarked for funding the administration of the DROP program.

SECTION 6. An eligible employee may elect to participate in the DROP program for a term of three (3), four (4) or five (5) years.

SECTION 7. The provisions of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 8. The state treasurer is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 9. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 10. This act shall take effect July 1, 2000, the public welfare requiring it.

